

VZCZCXRO6845
RR RUEHBI RUEHCI
DE RUEHCI #0228/01 2121215
ZNR UUUUU ZZH
R 311215Z JUL 07
FM AMCONSUL KOLKATA
TO RUEHC/SECSTATE WASHDC 1622
INFO RUEHNE/AMEMBASSY NEW DELHI 1539
RUEHCG/AMCONSUL CHENNAI 0683
RUEHBI/AMCONSUL MUMBAI 0681
RUEHKT/AMEMBASSY KATHMANDU 0450
RUEHKA/AMEMBASSY DHAKA 0443
RUEHLM/AMEMBASSY COLOMBO 0176
RUEAIIA/CIA WASHDC
RHMFIUU/CDR USPACOM HONOLULU HI
RUEIDN/DNI WASHINGTON DC
RUEHBJ/AMEMBASSY BEIJING 0119
RUEHCI/AMCONSUL KOLKATA 1994

UNCLAS SECTION 01 OF 02 KOLKATA 000228

SIPDIS

SENSITIVE
SIPDIS

STATE FOR INR

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [EAGR](#) [EIND](#) [IN](#)

SUBJECT: LOCAL ELECTION RESULTS IN W. BENGAL MAY MEAN LEFT FRONT GRIP
IS LOOSENING

REF: KOLKATA 88, KOLKATA 92, KOLKATA 95, KOLKATA 104

11. (SBU) Summary: Left Front leaders welcomed the July 22 Haldia municipal election results as indicative of support for their policy of industrialization in W. Bengal. However, of the 26 seats up for grabs, the Left won 19 and the opposition 7, compared to the 2002 elections when the Left won all the seats. Communist Party of India-Marxist (CPM) strongman Lakshman Seth has transformed Haldia into an urban industrialized hub, but adjacent to urban Haldia lies rural Nandigram, a politically turbulent zone resisting the state's policy of land acquisition for industry. The March 14 police shooting that killed 14 people in Nandigram raised CPM concerns about the Left's possible loss of support from farmers and Muslims. Although the Haldia results indicate support for Seth and the government's industrialization drive (including promotion of a chemical hub in the area), it may not be indicative of the mood of the entire state, and the agriculture versus industry issue will remain significant at the polls. End summary.

12. (SBU) The Left Front victory in the July 22 Haldia municipality elections was hailed by West Bengal's pro-industrialization Chief Minister Buddhadeb Bhattacharya as "a victory for the people," while Left Front Chairman Biman Basu observed that it was a verdict in favor of the W. Bengal government's policy of industrialization. Of the 26 seats in the municipality, the CPM won 17, its ally the Communist Party of India (CPI) 2, opposition party Trinamul Congress 6 and the People's Democratic Conference of India (PDCI) 1. For many pundits in the state, the verdict represents a shift in the nature of public opinion on the "land for industry" policy and for Bhattacharya's industrialization drive in W. Bengal. This policy has led to widespread violence and resistance to the administration in the Nandigram area bordering Haldia (reftels). Notably, in the 2002 municipal polls, the Left won all the seats. This time, though, what has been called a "grand alliance" - including Trinamul, Congress and the Jamiat Ulema e Hind's political front PDCI - managed to capture 7 seats. The Congress did not win any. Significantly, the opposition gains were in rural areas, while the urban centers favored the Left.

13. (SBU) CPM MP and Haldia Development Authority Chairman Lakshman Seth is largely responsible for transforming Haldia into an urban hub. Easily the most powerful leader in the area,

the municipal verdict is being interpreted by some as support for Seth's aggressive pro-industry stance. Seth told Post that the poll results have established the people's opinion in favor of industry and urbanization in the entire zone. He emphasized that people, including farmers, realize that agriculture cannot sustain the economy - and their livelihoods -- in the long run. Seth's wife Tamalika has been re-nominated as Chairperson of the Haldia municipality.

¶4. (SBU) Haldia, in the East Midnapore district of southern W. Bengal, is situated on the banks of the Haldi river on the other side of which lies Nandigram, a politically turbulent zone. While Haldia town is an industrial hub, the surrounding countryside is populated mainly by agricultural communities. Since January, a resistance movement organized by Nandigram's Bhumi Ucched Pratirodh Committee (BUPC) against proposed acquisition of agricultural land for industrialization virtually cut off the area from administrative control by the elected government. BUPC's confrontation with the administration on March 14 led to the police killing at least 14 people and injuring 71 others. The BUPC is composed of local CPM defectors who are opposed to the government's land acquisition policy, opposition party workers and ultra-Left elements. Nandigram's local population is largely Muslim and the economy is agrarian. The Nandigram incident and continued violence between the local CPM and opposition workers continues to give rise to speculation that the Left is losing its traditional vote-bank of farmers and Muslims.

¶5. (SBU) Haldia holds an important place in the state's industrial development plan and is an emerging hub of chemical and petrochemical industries. For the Left Front government, Haldia is the potential site for a major chemical Special Economic Zone (SEZ), and the GOI selected the area for setting up a Petroleum, Chemical, Petrochemical Investment Region

KOLKATA 00000228 002 OF 002

(PCPIR) covering more than 62,000 acres. Existing chemical and petrochemical units in Haldia cover part of this area, and the state government was in the process of preparing a detailed project report to identify 10,000 acres more for submission to GOI when the Nandigram killings took place. The municipal elections victory boosted the government's confidence, and Seth told Post that the government is moving forward with its plans regarding the 10,000 acre project.

¶6. (SBU) Comment: Prior to the Haldia municipal elections, Seth's detractors in the CPM emphasized that his arbitrary, thuggish tactics were responsible for alienating farmers, and led to the Nandigram incident. In contrast, Seth's supporters insisted that his contribution to developing Haldia and organizing the party at the local level was key to the CPM's complete control over the area. The poll results indicate Seth's continued grip on East Midnapore and Haldia's industrial core of workers and entrepreneurs. However, the Opposition's gains show that the industry versus land issue continues to be a dividing line at the polls, and demonstrates the continuing challenge for India to bring its poorer, marginalized sectors into the industrialization and modernization movement.

JARDINE